

GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Municipal Administration and Urban Development Department – Mission for Elimination of Poverty in Municipal Area (MEPMA) – Social Security – Introduction of Loan Insurance Scheme (Group Life Insurance Scheme against loan) to IKP-SHG Members in Urban Areas and making Society or Elimination of Rural Poverty (SERP) as Nodal implementing Agency – Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UBS) DEPARTMENT

G.O.Ms.No. 81

Dated: 11.03.2013
Read the following:

1. G.O.Ms.No.414, MA & UD (UBS) Department, dated 04.06.2007.
2. G.O.Ms.No.3 PR & RD (RD.II) Department, dated 04.01.2011.
3. From Mission Director, MEPMA, Lr.Roc.No.850/SSU/Loan Insurance/D2/12, dated 08.01.2013.

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ORDER:

In the reference 1st read above, the Government have established Mission for Elimination of Poverty in Municipal Area for addressing Urban Poverty Issues in comprehensive manner in all Urban Local Bodies. The Mission Director, MEPMA has informed that since inception of MEPMA, 5.90 lakhs Self Help Groups have accessed bank credit of Rs.8117 crores under SHG-Bank linkage and the MEPMA is striving to ensure that the loans taken by Self Help Groups are promptly repaid. Death instances are being reported in the age group of 18-59 years among the SHG members leaving outstanding loans to the families. Such untimely deaths not only impoverish the families dependent on them, but would also destabilize the Self Help Groups by putting unsustainable burden on other members.

2. The Mission Director, IKP-Urban (MEPMA), Hyderabad has further reported that in order to provide relief to the bereaved families from the debt burden, the Panchayat Raj and Rural Development Department has permitted the Chief Executive Officer, Society or Elimination of Rural Poverty to introduce Loan Insurance Scheme from January, 2011 to cover all Self Help Group members between 18-59 years age group who availed Self Help Group – Bank Linkage loans with a life insurance product and she has proposed to implement such scheme from April, 2013 for the benefit of all Self Help Group members for the age group of 18-59 years in the urban areas also on par with SERP.

3. The Mission Director, IKP-Urban (MEPMA) has also reported that the Loan Insurance scheme covers all the loanee Self Help Group members with a benefiting pattern of sum assured ranging from Rs.5000/- to Rs.1,00,000/- or loan amount. The annual premium per Rs.1000/- sum assured per member is Rs.4/- including service tax with an annual mode of payment. The loan insurance scheme facilitates recovery of bank loans, saving the Self Help Group groups from becoming defunct and some financial benefits to the survivors of the deceased Self Help Group family members. It also creates confidence among bankers to increase the size of loan.

4. The Mission Director, IKP-Urban (MEPMA) has therefore requested the Government to issue necessary orders for implementing the loan insurance (Group Life Insurance scheme against loans) scheme to cover all the SHG members in urban areas and to make Society for Elimination of Rural Poverty (SERP) Nodal implementing Agency for loans insurance scheme. Panchayat Raj and Rural Development Department has also conveyed their no objection for Society or Elimination of Rural Poverty to act as Nodal Implementing Agency for loan insurance (Group Life Insurance scheme against loans) scheme to cover all SHG members in urban areas.

5. The Government, after careful examination of the proposal of Mission Director, MEPMA, order that the loan insurance (Group Life Insurance scheme against loans) scheme shall be implemented by MEPMA to cover all SHG members in urban areas duly making SERP (Society for Elimination of Rural Poverty) as Nodal Implementing Agency subject to following.

- a. The agencies and the premium rates shall be fixed by SERP after going through a transparent process.
- b. The insurance premium amount is payable for the whole tenure of the Loan as a single premium at start of the tenure itself, duly deducted from the loan.
- c. Prompt servicing of the claims shall be facilitated through the respective Zilla Samakhaya Call Centers.

6. The Government also direct that MEPMA shall bear some portion of cost on loan insurance web applications.

7. The Mission Director, IKP-Urban (MEPMA), Hyderabad shall take further necessary action and issue detailed guidelines for operationalising the scheme and communicate to the concerned under intimation to Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

ADHAR SINHA
PRINCIPAL SECRETARY TO GOVERNMENT (MA)

To

The Mission Director, IKP-Urban (MEPMA), Hyderabad.

The Chief Executive Officer, SERP, Hyderabad.

All Project Directors through Mission Director, MEPMA, Hyderabad.

Copy to:

The Panchayat Raj and Rural Development Department.

The OSD to Hon''ble M(MA).

The P.S. to Principal Secretary to Government (MA).

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//FORWARDED BY ORDER//

ASSISTANT DIRECTOR